

Message Text

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67

ACTION NEA-10

INFO OCT-01 EUR-12 ISO-00 AID-05 CIAE-00 COME-00 EB-07

FRB-01 INR-07 NSAE-00 USIA-15 TRSE-00 XMB-04 OPIC-06

SP-02 CIEP-02 LAB-04 SIL-01 OMB-01 NSC-05 SS-15

STR-04 CEA-01 L-03 H-02 /108 W
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R 221338Z JUL 76

FM AMEMBASSY ALGIERS

TO SECSTATE WASHDC 4908

INFO AMEMBASSY PARIS

AMEMBASSY LONDON

UNCLAS ALGIERS 1822

E.O. 11652: N/A

TAGS: EFIN, G

SUBJECT: NEW ALGERIAN BORROWING

1. ALGERIA HAS SIGNED \$50 MILLION MODIFIED EUROBOND ACCORD WITH CONSORTIUM OF INTERNATIONAL BANKS. AGREEMENT SIGNED IN ALGIERS JULY 21 BY ABDELMALEK TEMAM, IN HIS CAPACITY AS HEAD OF THE BANQUE NATIONALE D'ALGERIE, AND REPRESENTATIVES OF CONSORTIUM WHICH INCLUDE AMERICAN EXPRESS, ARAB AND MORGAN GRENFELL, AND SEVERAL ARAB BANKS. \$50 MILLION WILL BE USED TO FINANCE INVESTMENTS OF SN-METAL, THE ALGERIAN NATIONAL METAL CONSTRUCTION COMPANY.

2. SN-METAL BOND ISSUE IS REPORTEDLY FIRST OF ITS KIND IN EUROBOND MARKET. RATHER THAN BEING FIXED RATE, BONDS CARRY FLOATING RATE OF ONE-HALF PERCENT OVER SIX MONTHS LONDON RATE. ALSO, OFFICIAL OF BNA EXPLAINED TO EMBOFF THAT WHILE MATURITY DATE OF BONDS IS JULY 1981, BOND HOLDERS WILL HAVE OPTION OF PRESENTING TOTAL OF ONE-HALF OF THEIR HOLDINGS FOR REPAYMENT BEFORE MATURITY, AT DATES AT END OF SECOND, THIRD, AND
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FOURTH YEARS. BOND MANAGERS, HOWEVER, GUARANTEE THAT

NO MORE THAN ONE-HALF OF OUTSTANDING BONDS WILL BE
REDEEMED BEFORE MATURITY. BNA OFFICIAL ADDED THAT
BONDS REDEEMED EARLY WOULD BE REDEEMED AT MARKET VALUE.

3. PRESS NOTES WITH SATISFACTION THAT PRESENT EUROBOND
ISSUE REPRESENTS FURTHER PENETRATION BY ALGERIA
(FOLLOWING \$35 MILLION BOND PLACEMENT IN KUWAIT LAST
YEAR) INTO INTERNATIONAL BOND MARKET.PARKER

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